

## News release

### Swiss Re Australian study finds every AUD 1 spent on rehabilitation, saves between AUD 24 and AUD 39 on claims costs

- New study looks at the costs, benefits and trends of rehabilitation services in the Australian life insurance industry
- The key determinant to the success of rehabilitation intervention is the claimant's attitude and motivation
- For every AUD 1 spent on rehabilitation services, insurers saved between AUD 24 and AUD 39 on claims costs
- However, only 5-6% of income protection claimants are engaged in rehabilitation services

Sydney, 10 July 2014 – Swiss Re has launched its first *Rehabilitation Watch* 2014 for the Australian market. Derived from data from participating life insurance companies, it covers the costs, benefits and trends of rehabilitation services in the life insurance industry.

Claims rehabilitation has been a topic of growing interest in the Australian life insurance market, with insurers starting or growing their investment in in-house rehabilitation staff. Rehabilitation aims is to support the restoration of health and function through consideration of an individual's physical, psychological and environmental needs.

In undertaking *Rehabilitation Watch* 2014, Swiss Re explored what rehabilitation means to all key stakeholders and what place it might have in the future disability insurance environment.

Mark Senkevics, Head of Swiss Re Australia and New Zealand, said: "*Rehabilitation Watch* has some encouraging messages. The positive financial impact rehabilitation can have is starting to be understood and the market is focusing on promoting the intrinsic value of rehabilitation in assisting people to make a recovery and a return to health and work."

The report was authored by Carly Van Den Akker, Claims Medical Specialist, Swiss Re Life & Health Australia. Key highlights include:

- The key determinant to the success of rehabilitation intervention is the claimant's attitude and motivation.

Media Relations,  
Zurich  
Telephone +41 43 285 7171

New York  
Telephone +1 914 828 6511

Hong Kong  
Telephone +852 2582 3660

Investor Relations,  
Zurich  
Telephone +41 43 285 4444

Swiss Re Ltd  
Mythenquai 50/60  
P.O. Box  
CH-8022 Zurich

Telephone +41 43 285 2121  
Fax +41 43 285 2999

[www.swissre.com](http://www.swissre.com)  
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- Only 5-6% of income protection claimants are engaged in rehabilitation services.
- On average, insurers are initiating rehabilitation programs at least 12 months after the date of notification or date of disability. Insurers are able to demonstrate the cost-benefit of rehabilitation with a positive return on investment: for every AUD 1 spent on rehabilitation services, insurers saved between AUD 24 and AUD 39 on claims costs.
- The degree of stakeholder engagement is clearly linked to the level of knowledge and understanding of the purpose of rehabilitation services.
- 100% of participating insurers agreed that rehabilitation would play more of a role in the future Australian life insurance market.

Nine of Australia's major life insurance companies provided data and commentary for the study, including those who offer individual and/or group insurance data, as well as multiple product lines data. The research was based on claims received and managed in the 2013 calendar year.

The data and commentary from this inaugural study will assist insurers to improve rehabilitation services. Swiss Re will use the findings to make comparisons in future editions of *Rehabilitation Watch* and to gain a deeper understanding of the impact rehabilitation intervention. Table 1 shows some comparisons between a similar study in the UK undertaken by Swiss Re in 2012.

**Table 1:** Comparisons between UK Claims Watch 2012 and Rehabilitation Watch 2014

	UK Claims Watch 2012	Rehabilitation Watch 2014
Funding rehabilitation in the wait/deferred period	78% of participants	67% of participants
Average spend on externally provided rehabilitation services	AUD 1,605 <sup>1</sup>	AUD 3,035
Role of rehabilitation in future (5 years) life claims management	89% of participants said 'more of a role'	100% of participants said 'more of a role'

To increase awareness around the benefits of returning to health and work, Swiss Re is the first life reinsurer to become a signatory of the *Health Benefits of Work* consensus statement, developed by the Australasian Faculty of Occupational and Environmental Medicine.

<sup>1</sup> Currency conversion as at 04/07/14 (xe.com). UK reported very low data confidence and limited data received.

**Notes to editors****Swiss Re**

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